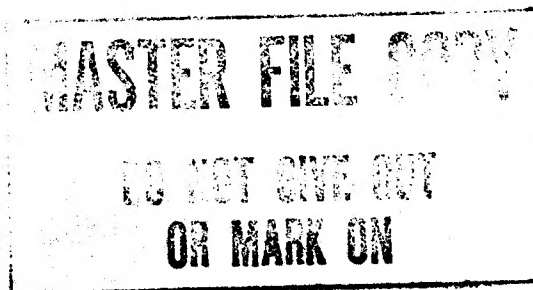




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## Public Services in Cairo: Potential for Unrest?

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An Intelligence Assessment

USAID review  
completed

State Dept. review  
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NESA 83-10074  
April 1983

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## **Public Services in Cairo: Potential for Unrest?**

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**An Intelligence Assessment**

This paper was prepared by [redacted] the  
Office of Near East-South Asia Analysis. It was  
coordinated with the Directorate of Operations and  
the National Intelligence Council. Comments and  
queries are welcome and may be addressed to the  
Chief, Arab-Israeli Division, NESA [redacted]

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**Public Services in Cairo:  
Potential for Unrest?** [redacted]

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**Key Judgments***Information available  
as of 16 March 1983  
was used in this report.*

Decades of rapid population growth, inadequate maintenance, and insufficient investment have produced a public services crisis of major proportions in Cairo. The problems caused by unreliable or inadequate water, electrical, waste disposal, and transportation systems are constant sources of frustration to Cairenes, impede commerce and investment, and could ultimately spark serious outbreaks of domestic unrest. The remarkable forbearance displayed by the public may not last. A ground swell of public anger following a major sewer break in an older section of Cairo in July 1982 led to the deployment of security forces to the area and demonstrated the serious potential for urban violence. [redacted]

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Since taking office in late 1981, President Mubarak has repeatedly called attention to the seriousness of the country's economic problems and recently has turned his attention to Cairo's sewer and water services to demonstrate his concern. Unless his government can make improvements, urban residents may lose hope and Cairo will become a more fertile recruiting ground for opponents of the regime. [redacted]

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The government faces an immense challenge. We believe it will be extremely difficult to maintain, let alone improve, the quality of life in Cairo. If the growth rate of 4 to 4.5 percent a year is not slowed, the population of the greater Cairo urban area will double from 10 million today to 20 million in the year 2000. Government efforts to stem growth, including attempts to create other urban centers, so far have failed to relieve the population pressure. [redacted]

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Massive construction is required to meet the needs of the city's growing population and overcome the problems created by deferred investment and maintenance. Raising and managing the financial, construction, and manpower resources needed will take close presidential attention [redacted]

[redacted] Sustaining the effort will be difficult in the face of other pressing economic and political priorities that will vie for attention. In particular, any foreign payments problems that stem from the recent oil price decline will reduce prospects for improvement. [redacted]

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The overhaul of Cairo's public services provides the United States with new opportunities as well as added risks. Involvement in the effort could be a productive and visible way for the United States to use its economic assistance. Mubarak's request for US water and sewer project aid provided the United States with an opportunity to respond to Egyptian concerns by offering to allocate \$1.25 billion in aid funds over the next five years. On the negative side, the United States risks becoming linked with future public services problems, particularly while construction is under way. On balance, we believe the danger of public criticism probably is outweighed by the likely appreciation, particularly at the official level, of US help with a critical Egyptian need.

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**Public Services in Cairo:  
Potential for Unrest?**

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Although the urban infrastructure is declining throughout Egypt, a deterioration in the quality of life is most evident in Cairo and Alexandria, according to the USAID Mission in Cairo.<sup>1</sup> Because Cairo is the center of national life, the decay there potentially has the most serious political consequences. Nearly one-fourth of all Egyptians live in the greater Cairo area, and these residents tend to be better educated and to have greater expectations than rural Egyptians. President Mubarak's efforts over the past several months to begin the overhaul of Cairo's infrastructure and his requests for US help reflect the city's importance. Egyptian officials fear that frustrations over living conditions in Cairo could lead to unrest that might threaten the regime's survival. Disturbances elsewhere in Egypt are far less menacing.

Like all big cities, Cairo has big problems. At best, the management of the city is a formidable task; at worst it appears impossible. Three major public service disruptions have occurred in recent months, and they are just the tip of the iceberg:

- In July 1982 a sewer break flooded an older section of the city and sparked sufficient public anger that government security forces were detailed to the area.
- In December 1982 a sewer break in Giza on the west bank of the Nile flooded a large middle- and upper-income area and disrupted water service for nearly two weeks while repairs were under way.
- In January 1983 construction on the Cairo metro severed a water main at Tahrir square in central Cairo, blocking traffic for hours and disrupting water service in the area for several days.

Inadequate public services and their effects on the quality of life in Cairo are primary sources of popular dissatisfaction. In a recent survey, public service problems were far and away the most important

<sup>1</sup>Information about Cairo tends to be better and more plentiful than for other locations in Egypt. Most of the information in this report is taken from World Bank and USAID studies. As with most data on Egypt, it should be viewed as broadly illustrative rather than precisely accurate.

**Cairo:  
Major Sources of Dissatisfaction**

Percent

Complaint	Formal Housing <sup>a</sup>	Informal Housing <sup>a</sup>
Garbage in streets	21	25
Flies and insects	21	16
Overflowing sewers	13	11
Excessive workshops/noise	9	5
Power outages	6	6
Water pressure problems	6	4
Lack of pure water	2	6
Lack of adequate health facilities	3	4
Lack of adequate transportation	2	4
Lack of sewers	2	3
Rats	3	3
Air pollution	3	2
Lack of schools	1	3
Garbage in canals/ditches	2	2
Lack of electricity	1	1
Other	5	5

<sup>a</sup> Formal housing is that which has been built with necessary government permits. Informal housing is generally owner-built, lacks government permits, and is technically illegal.

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source of complaints (see table). Because rapid population growth is likely to continue (see box), these problems will grow unless the government mounts a massive rehabilitation effort.

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**Status of Public Services**

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The provision of piped *water* varies widely within Cairo. About two-thirds of all buildings in the greater Cairo area are directly connected to the public water system.<sup>2</sup> In some areas, however, particularly where

<sup>2</sup>The Cairo urban area includes (a) the Cairo governorate or central city area on the east bank of the Nile and (b) the adjacent urban sections of both the Giza governorate on the Nile's west bank and the Kalyubia governorate north of Cairo.

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**Cairo's Growth**

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*Cairo is the largest urban area in the Middle East and Africa with a population that has grown from 2 million in 1947 to 10 million in 1983. If Cairo's population continues to expand at the present annual rate of 4 to 4.5 percent, the number of Cairenes will double by the close of the century. The city's rapid growth is the result of natural population increase and persistent, large-scale rural-urban migration. Government and investment are centered in Cairo, and jobs are a major lure.*

*a religious building receives services, additional hookups in the area tend to occur.*

*Overall density in the urbanized area of Cairo is approaching 25,000 persons per square kilometer, twice the density in New York City. There are great variations among neighborhoods, however, and in some older and poorer neighborhoods there are over 100,000 persons per square kilometer. A recent USAID report estimated that 1 to 1.5 million people reside in rooftop shacks or in cemeteries—primarily the City of the Dead—where medieval tombs have been converted into housing.*

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*Cairo has expanded north and south along the banks of the Nile, using up valuable agricultural land in the process. The availability of water has been crucial to this expansion. Desert areas to the east and west lack the water necessary for construction and daily life, while agricultural land along the Nile always has water available from either canals or pumps. Legal restrictions by the government against construction on agricultural land have failed to stop urban sprawl. Once housing is built on agricultural land, the residents usually construct a mosque or church as quickly as possible because the government gives priority to the provision of piped water and other services to religious buildings even if illegally constructed. Once*

*Cairo's growth reflects a major transformation that has occurred in Egypt since World War II. The country has evolved from a predominantly agricultural, rural society to one that is engaged to a greater degree in industry and services and is urban based. Agriculture now accounts for only 17 percent of GNP as opposed to 31 percent in 1960. Egypt's urban population has grown from 38 percent of the total in 1960 to nearly half today. According to data compiled by the World Bank, Egypt is one of the more highly urbanized Third World countries.*

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housing has been built without government permits, buildings are not eligible for water connections and other public utilities. Residents in these areas depend on canals or public standpipes where disputes often arise over water sharing. Water prices are estimated at 10 to 20 percent of operating costs and provide little incentive for conservation. Such low rates also produce insufficient revenue for upkeep—a particular necessity since sections of the water system date back to the beginning of this century. As a result, low pressure and service interruptions are common (see figure 1).

there are frequent leaks due to insufficient capacity and maintenance. A recent study by the Cairo governorate stated bluntly that the sewerage system simply is unable to absorb the volume of Cairo waste water. According to a government sanitary official quoted in *al Ahram*, there are periodic leaks at more than 200 locations.

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In areas not served by the public system, septic tanks and cesspools are used. The tanks require periodic cleaning, but this often is not done on time, causing overloading and leaks. Private tank cleaners sometimes make matters worse by emptying the waste they collect into nearby water canals.

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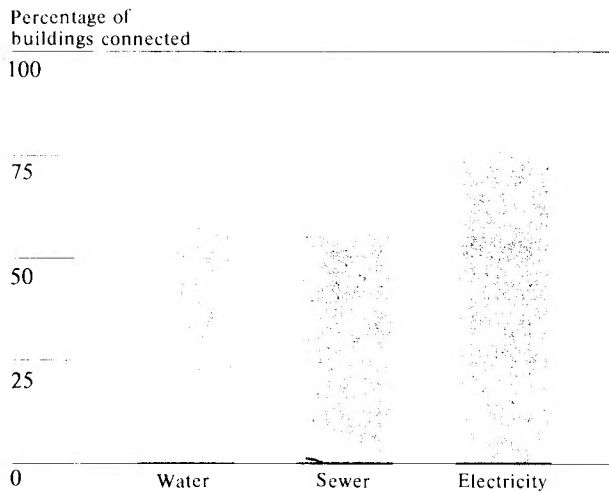
**Sanitary drainage** poses as big a problem as water supply. Despite expansion efforts in recent years, parts of the greater Cairo area have no access to the public sewerage system, a situation that creates major health problems. Where the system is in operation,

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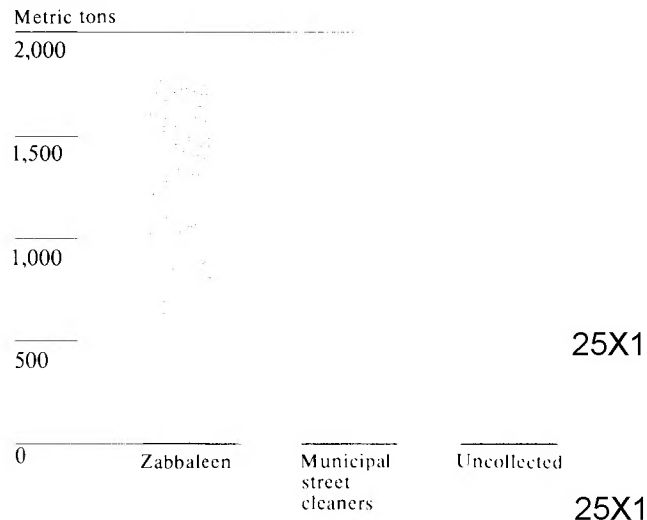
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**Figure 1**  
**Cairo: Provision of Basic Utilities, 1976**



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**Figure 2**  
**Cairo: Daily Disposal of Trash**



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Cairo lacks a municipal **solid waste** management system, and trash in the streets has been cited as the most significant source of frustration to Cairenes. Although cleaning streets and public markets is the responsibility of local government, there is no public responsibility for the collection of household and business waste. This is left to the free market, primarily to a community of garbage collectors, the zabbaleen, who collect garbage for a fee and then recycle the trash. The zabbaleen's donkey carts collect more than half of Cairo's trash according to a recent World Bank study (see figure 2). They provide service primarily in middle- and upper-class neighborhoods that can afford the fees and where the garbage has a higher recycling value.

The municipal street cleaning service is understaffed and ill equipped to clean even hard surfaced roads, according to the same World Bank study. In some central city areas, uncollected refuse at times reaches half a meter deep or more. Indeed, some streets are completely blocked by a combination of garbage and

construction materials. In poor areas where narrow, unpaved streets preclude streetcleaning equipment, trash accumulates unless local residents take the initiative. Data collected by the World Bank indicate that one-tenth of the estimated 3,000 tons of solid waste generated daily goes uncollected.

**Electricity** is the most extensively provided public service and is less a source of complaint. In the 1976 census, 77 percent of buildings were connected, and according to a more recent survey by the Egyptian Government, service has been steadily expanded since then. Not all hookups are legal, however, and many buildings simply tap into a neighbor's electrical source and help pay the bill. This contributes to breakdowns and occasional outages. Although household consumption is only 10 percent of national consumption, it has grown rapidly in recent years. Low electricity prices, rising incomes, and

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*Young Egyptian collecting  
garbage*



Liaison ©

greater imports of consumer electronics allowed under Sadat's "Open Door" economic policy have helped fuel this growth. As a result, urban Egyptians have become dependent on steady electrical service, and their lives are inconvenienced when it fails.

only sporadically, and even when operating they are generally ignored. According to the US Embassy, driving in Cairo is similar "to playing Pac-Man with your automobile."

**Street congestion** in Cairo is one of the most visible of the city's problems and is a daily aggravation to commuters. The parking problem in the central business district is caused by some 17,000 cars parked in an area with only 5,000 parking spaces, according to a recent World Bank study. Double and triple parking or parking on sidewalks disrupts the city's heavy vehicular and pedestrian traffic.

**Public transportation** is straining to meet demand. A recent World Bank study indicates that 63 percent of all trips in Cairo are made by public transportation (buses, taxis, and shared taxis), 23 percent by walking, and 14 percent by private cars and motorcycles. One-third of Cairo's 2,300 buses usually are out of service. Those operating are severely overloaded, leading to increased wear. Crowded streets cause low operating speeds and reduce efficiency.

About 25 percent of Cairo's area is devoted to road space—comparable to other Third World cities. Road use is limited, however, by poor maintenance, the absence of parking restraints, bottlenecks in the primary road network, and the lack of traffic management. Cairo is undergoing a building boom, and construction materials are stored on sidewalks and frequently spill over onto the streets. This aggravates the problems caused by uncollected garbage and sidewalk parking, and pedestrians frequently are forced to walk in the streets, impeding traffic flow and endangering themselves. Traffic signals in Cairo work

Public transport also is provided by the Heliopolis metro system, the Egyptian State Railway, trams, river buses on the Nile, 37,000 taxis, and 800 shared taxis—frequently minibuses. This last category is the most recent and fastest growing source of transportation in Cairo. It accounts for 1 percent of all passenger trips in the city. The minibuses operate on fixed

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Traffic congestion in central  
Cairo. [redacted]



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routes and offer a private alternative to public transportation. Although they have higher fares than public transport, the success of the minibuses demonstrates the willingness of at least part of the public to pay a higher price for better service. [redacted]

Despite the traffic jams and the appearance of large numbers of cars in Cairo, private car ownership is very low—about 20 per 1,000 inhabitants versus 300 to 450 for many US and West European cities. The number of automobiles, however, has risen rapidly since the mid-1970s—17 percent annually in recent years according to the World Bank—as a result of higher incomes and the greater availability of imported cars because of Sadat's "Open Door" policy. [redacted]

**Interaction of Problems.** Cairo's public service problems often interact to aggravate existing difficulties. For example:

- Inadequate water pressure disrupts waste water disposal.
- Leaking sewer and water lines interfere with electrical service.
- Electrical outages disrupt water pumping stations, sewerage facilities, and traffic lights.
- Inadequate or nonexistent solid waste collection contributes to blocked sewers and pipeline overflows.

- Unpaved roads cause residents to use water to control dust thereby reducing water pressure. 25X1
- Construction work to repair or improve one service frequently interferes with other services, such as in January 1983, when metro construction severed a water main in central Cairo. [redacted]

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#### Institutional Obstacles

[redacted] Responsibility for public services is divided among several bureaucracies (see box). The three governorates with local jurisdiction—Cairo, Giza, and Kalyubia—acknowledge little responsibility except for street construction, cleaning, and maintenance. Public services such as transportation, water, sewerage, and electricity are provided by other government agencies. [redacted]

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**Public Service Bureaucracies**

— **Ministry of Planning:** Responsible for approving budgetary appropriations for all central government ministries, public authorities, and the governorates.

— **Ministry for Reconstruction, Housing, and Land Reclamation:** Responsible for water and sewer projects, new town development, government housing projects, and desert reclamation.

— **General Organization for Physical Planning:** Responsible for preparing urban master plans.

— **Transport Planning Authority:** Responsible for transport after planning and for providing technical advice to the governorates.

— **National Organization for Potable Water and Sanitary Drainage:** Owns and operates water and sewer facilities throughout the country except in Cairo, Alexandria, and the Suez Canal region, where these services are operated by municipal agencies.

— **Governorates:** Responsible for planning, design, and implementation of investments within each of the 26 governorates, each headed by a governor appointed by President Mubarak. Control over fiscal management, taxation, regional, and national planning, however, remains with the central government, thereby limiting the actual power of the governorates.

Government subsidies have contributed to public service problems and constitute a major impediment to their resolution. Tariffs and fees bear little resemblance to actual investment and operating costs, and this results in inadequate funds for maintenance and new investment. Sewerage services to those connected are free, and water tariffs are only 10 to 20 percent of the cost of supply, according to a recent World Bank study. Transportation fares and electricity rates—despite some recent increases—do not cover more than a fraction of operating costs. The Cairo Transport Authority has always run at a loss, and its management philosophy has become ingrained with the mentality of subsidies, according to the same World Bank study.

The government has been very cautious about pricing issues. An extensive and costly system of price controls and subsidies has evolved over the years to protect Egyptian consumers from inflation. In the case of bread and other food subsidies, government policies are expensive but have succeeded in feeding poor Egyptians and maintaining stability. In the case of public services, however, the benefits of low prices are undermined by the poor quality of such services.

Support for the subsidy programs derives both from an Islamic sense of social justice and from the socialist legacy of Nasir. Although government unwillingness to raise prices is rationalized as protecting the poor, we believe it also stems from a hesitancy to face

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the potential risks of public protests. Memories remain fresh of January 1977 when bread price hikes ignited serious rioting in Cairo. The tendency to delay price hikes was most recently demonstrated in January of this year when the Minister of Economy and Foreign Trade told US cabinet officials in Washington that economic reforms such as major price hikes would be implemented only after increased economic growth. [redacted]

When price changes have occurred, they have been small. In the spring of 1982, electricity prices paid by household consumers and small businesses were increased by 5 to 20 percent. In anticipation of domestic complaints the hikes were made with little fanfare, [redacted]

[redacted] The changes did not cause security problems, and this may indicate that the government has more latitude for raising utility rates than it believes it has. [redacted]

A further constraint on improvements in Cairo's public services has been the central government's efforts to direct urban spread to new settlements in the desert. Although it is an attractive idea aimed at taking the pressure off Cairo, its promise has not been fulfilled. Furthermore, ambitious quality standards led to high costs and diverted resources that could have been used in Cairo. Progress on these new cities such as Sadat City and Tenth of Ramadan has proceeded slowly. In particular they lack the jobs needed to lure residents. Private business and the government still prefer to invest in Cairo because, despite its problems, there is a wider range of services, labor, and sales outlets than in the new cities. [redacted]

#### **The Challenge Ahead**

Cairo will remain the center of commerce in Egypt, but unless the government can provide a sound infrastructure, its efficiency as an urban center will decline. The productivity of the work force will continue to suffer because of the poor living environment. Perhaps more dangerous, however, is the prospect that the declining quality of life will provide a fertile breeding ground for antiregime opposition groups. Unless remedies are found, Islamic fundamentalists and leftists will attempt to cite deteriorating urban conditions as a major argument for changes in Egypt's leadership. [redacted]

#### ***The Greater Cairo Area: Key Economic Indicators***

<i>Population</i>	<i>Close to 10 million</i>
<i>Population growth</i>	<i>4 to 4.5 percent annually</i>
<i>Population density (average)</i>	<i>25,000 per square kilometer</i>
<i>Population density (range)</i>	<i>Maximum—100,000 plus per square kilometer in Rod El Farag and Bab El Sharia (old neighborhoods) Minimum—10,000 per square kilometer in Heliopolis and Nasr City (new neighborhoods)</i>
<i>Location of commerce</i>	<i>Center city—banking and commerce Outlying areas—major industry Small industry—scattered throughout</i>

President Mubarak realizes the gravity of the situation and has initiated efforts to deal with Cairo's problems. Nonetheless, the public services issue is only one of several severe problems that cloud Egypt's longer term economic prospects. The country's overall population growth of close to 3 percent per year has serious implications for housing, employment, and food supplies throughout the country. Each of these concerns will be competing for government attention and for the country's limited resources. [redacted]

Egypt's Five-Year Plan for the period 1982/83 to 1986/87 (July-June), approved by the Peoples Assembly this past January, supports Mubarak's goal of improving public services. A breakdown of investment for the plan indicates that 13 billion Egyptian pounds (\$18 billion at the official exchange rate) in investment is earmarked for electricity, transportation, public utilities, and other public services. A reflection of the government's changing priorities is the virtual

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phasing out of public housing investment, leaving it to the private sector. Although inadequate housing remains a problem, the government has realized that it should concentrate its limited resources on public services that are outside the scope of the private sector. [redacted]

Achieving the goals of the Five-Year Plan, however, will prove difficult, particularly given the decline in world oil prices. Petroleum provides one-fourth of Egypt's foreign earnings, and hard currency shortages probably will reduce imports needed to sustain economic growth. The Five-Year Plan, moreover, assumes real economic growth of 8 percent per year throughout the period and a doubling of the domestic savings rate over the course of the plan. This fast growth and the increase in savings are expected to generate domestic resources for investment. The assumed 8-percent real growth already is being discounted by Egyptian officials in discussions with US Embassy officials. The increased savings rate is unrealistic as well. It would require strong government measures such as higher taxes and reduced subsidies to limit consumption and force a higher savings rate. In the past such measures have been viewed as politically sensitive and too risky. [redacted]

Shortfalls in the availability of resources for the Five-Year Plan will not necessarily reduce Mubarak's desire to improve public service investments and maintenance in Cairo. Nonetheless, it will take a major leadership effort to maintain ambitious programs in Cairo while cutting back elsewhere. Should the government reduce efforts in Cairo, a further decline in services could well occur. For example, the National Urban Policy Study done in 1980 and 1981 for the Ministry of Development by US and Egyptian experts projected a needed investment of at least 12 billion Egyptian pounds (\$17 billion at the official exchange rate) in the greater Cairo area alone during 1986-2000 to provide the growing population with minimum services and housing by the next century. Although these figures are not directly comparable to the Five-Year Plan, they indicate the magnitude of future construction and needed repairs. The study assumed lowering existing quality standards and was based on rapid real economic growth of 7 percent, a sharp increase in domestic savings, and higher utility



"I don't see any potholes that need to be fixed in this street."

Al-Ahram ©

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rates to recover costs and fund upkeep. These assumptions, which are similar to those in the Five-Year Plan, appear increasingly unattainable [redacted]

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#### Political Implications

To an outside observer, the patience of Cairo residents has been extraordinary. The cynicism and humor—reflected in popular jokes and cartoons—probably helps to ease frustrations. The government, however, is justifiably concerned that public patience may not last much longer. Memories of the bread riots in January 1977 make the government wary of price hikes—whether for food, bus fares, or electricity—and nervous about public service failures. One such problem occurred in January 1975 when a commuter train breakdown sparked a day of demonstrations in central Cairo. [redacted]

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The deployment of internal security forces in response to the sewer failure in July 1982 reflects the government's concern. After another sewer main break in

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Giza in December 1982, the government immediately reacted with well-publicized, 24-hour work crews. Security forces were not deployed, probably because the area affected was a higher income neighborhood less prone to violence. [ ]

Expanding public services to reach all Cairenes would contribute to social harmony. Presently there is better access to services in higher income areas, and this accentuates the gap between rich and poor. Those who live in rooftop shacks and in the old cemeteries are least likely to receive government services. [ ]

Although President Mubarak and Egypt's economic planners are focusing on Cairo's problems, they are attempting to do so without raising inflated expectations. We believe Mubarak's reluctance to promise more than he can deliver probably has hurt his domestic image. Both Sadat and Nasir issued a steady stream of promises to the Egyptian people, buying current stability through hopes of future gains. Mubarak is reaping the problems generated by previous promises. In attempting to limit expectations he appears willing to forgo near-term political gains, perhaps hoping to avoid further problems should domestic conditions deteriorate rather than improve. [ ]

It is widely believed by Egypt watchers that real improvements in Cairo's public services will defuse popular frustrations. At least in the near term, however, new problems may arise. If improvements are made, popular expectations of even better services may outrun the government's ability to deliver. Moreover, there is a danger that construction efforts may disrupt existing services and create even deeper public frustrations in the near term. President Mubarak's repeated stress on the long-term nature of Egypt's problems probably is intended to help head off such difficulties, but his efforts may not be completely successful. [ ]

#### Implications for the United States

US support for Egyptian efforts to improve domestic services in Cairo should have positive political payoffs. The Egyptian public is expecting President Mubarak to improve living conditions, and Egypt's leadership is looking to demonstrate visible benefits from Egypt's

close relationship with the United States. Mubarak's personal requests for US aid to improve water and sewer service underscore the importance he gives to these issues. The US offer to allocate \$1.25 billion in aid funds over the next five years for water and sewer projects has been favorably received in Egypt. The next test will be the difficult process of moving from this commitment to concrete action. [ ]

Improved public services should increase overall economic activity and help the investment climate, particularly for foreign investors. Difficulties in securing hookups to basic services and the overall problems of life in Cairo currently discourage these investors. US help in the public services area thus should have important spillover effects encouraging economic growth. [ ] 25X1 25X1

Increased US involvement is not without risk. The Egyptian public is sensitive to foreign involvement and to any appearance of Egyptian dependence on other states. Opposition spokesmen will doubtless charge that US involvement in the rehabilitation of Cairo's public services gives Washington increased influence over Egypt's economy and the daily lives of Cairenes. A greater danger may lie in US identification with problems that arise as the upgrading of public services proceeds. If US-funded construction projects are delayed by bureaucratic obstacles, the risk of adverse criticism also would grow. Balanced against these risks, however, is the prospect that doing nothing to help meet Cairo's needs would be ignoring a major concern of Egypt's leaders and could also bring sharp criticism of the United States. [ ]

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